

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 DEAE-00 CIAE-00

INR-07 JUSE-00 NSAE-00 SNM-02 TRSE-00 USIA-06 NSC-05

OES-06 OMB-01 DODE-00 PM-04 H-02 L-03 PA-01 PRS-01

SP-02 SS-15 COME-00 /095 W

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R 300955Z APR 76

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 6401

INFO AMEMBASSY BANGKOK

AMEMBASSY PARIS

AMEMBASSY RANGOON

AMCONSUL HONG KONG

USMISSION GENEVA

CINCPAC

C O N F I D E N T I A L VIENTIANE 1043

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: SNAR, LA

SUBJECT: NARCOTICS: LAO INTEREST IN LEGAL EXPORT OF OPIUM

REF STATE 098579 (230710Z APR 76), NOTAL

SUMMARY: UNFDAC REPRESENTATIVE TO LAOS HAS CONFIRMED TO EMBASSY LAO GOVERNMENT'S INTEREST IN ENTERING LEGAL OPIUM MARKET. HE BELIEVES, HOWEVER, THAT LAO ARE INTERESTED IN A ONE-TIME LEGAL SALE -- MECHANICS OF WHICH HAVE NOT BEEN WORKED OUT -- OF PERHAPS 500 TONS OF OPIUM THAT HAS ACCUMULATED, NOT IN BECOMING PERMANENT SUPPLIER TO LEGAL WORLD MARKET. UNFDAC REPRESENTATIVE TOOK OCCASION OF OUR INQUIRY TO RENEW HIS REQUEST FOR SPECIAL USG CONTRIBUTION TO UNFDAC EARMARKED FOR LAO PROGRAM, WHICH WE TOLD HIM WOULD BE IMPOSSIBLE. END SUMMARY.

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1. EMBOFF CALLED ON ALEXANDRE ARNAUD, UNFDAC REPRESENTATIVE TO LAOS, ON APRIL 30. ARNAUD HAD BEEN ABSENT FROM LAOS ON BUSINESS FOR SOMETIME AND AD ONLY RETURNED TO VIENTIANE ON APRIL 28. IN ANSWER TO EMBOFF'S QUERY, HE CONFIRMED THAT LAO GOVERNMENT IS INTERESTED IN LEGAL EXPORT OF OPIUM.

2. HOWEVER, ACCORDING TO ARNAUD THE LAO ARE NOT INTERESTED IN BECOMING A PERMANENT SUPPLIER OF OPIUM TO THE LEGAL WORLD MARKET; THEY HAVE BEEN CONVINCED BY UNFDAC ARGUMENTS THAT SUCH A POLICY MAKES NO ECONOMIC SENSE. RATHER, THEIR PROBLEM IS A SHORT-RUN ONE: FOR POLITICAL REASONS THE GOVERNMENT IS RELUCTANT AT THIS TIME TO TRY TO FORCE HILL TRIBESMEN TO STOP OPIUM PRODUCTION. AT THE SAME TIME, THE LPDR DOES NOT WANT TRIBES' OPIUM TO ENTER THE ILLEGAL MARKET. AS A CONSEQUENCE, THE LPDR HAS ON ITS HANDS A CONSIDERABLE QUANTITY OF OPIUM (ARNAUD ESTIMATES ABOUT 500 TONS) AND NATURALLY WISHES TO DERIVE WHATEVER PROFIT (AND FOREIGN EXCHANGE) IT CAN BY SELLING THIS OPIUM IN LAWFUL CHANNELS.\$

3. ARNAUD DID NOT APPEAR TO BE TRYING TO HEAD OFF THIS EFFORT BY THE LAO. HE CONSIDERS IT A SHORT-TERM PHENOMENON AND NOT A LONG-TERM PROBLEM. FOR THE LONG RUN, ACCORDING TO ARNAUD, THE LAO AUTHORITIES -- PARTICULARLY MINISTER OF INTERIOR SOMSEUNE KHAMPHITHOUNE -- BELIEVES THAT CROP SUBSTITUTION MAKES MORE SENSE. ARNAUD SAID THAT JOSEPH DITTERT, SECRETARY TO THE INTERNATIONAL NARCOTICS CONTROL BOARD, WHEN HE VISITS LAOS IN JUNE WOULD DISCUSS WITH THE LAO MEANS BY WHICH THEY MIGHT LEGALLY AND AT A PROFIT DISPOSE OF THEIR PRESENT STOCK OF OPIUM. HE WILL ALSO PRESUMABLY REINFORCE ARNAUD'S ARGUMENTS ABOUT THE INEXPEDIENCY OF LONG-TERM PRODUCTION. ARNAUD ADDED THAT DITTERT ALSO HOPES TO VISIT VIET-NAM, BUT NO REPLY HAS YET BEEN RECEIVED FROM THE VIETNAMESE TO HIS REQUEST.

4. ARNAUD SAID THE LAO AUTHORITIES ARE TAKING STEPS TO CONTROL OPIUM WITHIN LAOS ITSELF. PRIVATE TRANSPORTATION OF THE DRUG FROM ONE LOCALITY TO ANOTHER IS NOW ILLEGAL, AND LARGE OPIUM DENS IN VIENTIANE AND OTHER CITIES HAVE BEEN ORDERED CLOSED. THE LAO HAVE TOLD ARNAUD THAT, SHOULD

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THE UNITED STATES WISH TO CONTRIBUTE TO LPDR EFFORTS TO CONTROL DRUGS, THE USG CONTRIBUTION WOULD BE MOST WELCOME.

5. FYI: ARNAUD ASKED IF THE USG COULD NOT MAKE A DIRECT EARMARKED CONTRIBUTION TO ASSIST UNFDAC'S PROGRAM IN LAOS. UNDIFFERENTIATED FUNDS CONTRIBUTED TO UNFDAC HEADQUARTERS IN GENEVA, HE SAID, ARE LARGELY ABORBED THERE AND LITTLE IS LEFT FOR ACTIVITIES IN LAOS. EMBOFF EXPLAINED THAT,

THOUGH THE UNITED STATES GOVERNMENT'S DESIRE TO SUPPRESS THE ILLEGAL DRUG TRAFFIC HAD NEVER BEEN STRONGER, AS WITNESS THE PRESIDENT'S RECENT SPEECH ON THE SUBJECT, CONGRESSIONAL RESTRICTIONS ON AID TO INDOCHINA WOULD MAKE IT IMPOSSIBLE FOR THE USG TO EARMARK FUNDS DONATED TO UNFDAC SPECIFICALLY FOR THE LAO PROGRAM. EMBOFF SAID HE HAD NO DOUBT, HOWEVER, THAT THE USG WOULD CONTINUE ITS SIGNIFICANT SUPPORT FOR UNFDAC ACTIVITIES GENERALLY. ARNAUD HAS MADE SAME PITCH TO US BEFORE, AS REPORTED TO EA NARCOTICS COORDINATOR AT REGIONAL CONFERENCE IN KUALA LUMPUR EARLY THIS MONTH. END FYI.

6. COMMENT: IF ARNAUD'S ASSESSMENT OF THE LAO GOVERNMENT'S ATTITUDE TOWARD LEGAL OPIUM EXPORTS IS CORRECT, IT WOULD APPEAR FROM OUR LIMITED PERSPECTIVE AT LEAST THAT LAOS' DESIRE TO SELL OFF ITS ACCUMULATED STOCK IS NOT A SIGNIFICANT PROBLEM IF SUCH A QUANTITY CAN SOMEHOW BE ABOSRBED INTO LEGAL WORLD MARKET. HOWEVER, IT IS ALWAYS POSSIBLE THAT THE LAO ARE SIMPLY TELLING UNFDAC WHAT THEY THINK IT WANTS TO HEAR, THAT THEY DO NOT ACCEPT THE ARGUMENTS FOR THE SUPERIORITY OF SUBSTITUTE CROPS OVER LEGAL OPIUM PRODUCTION (ECONOMICS IS NOT THEIR LONG SUIT), AND THAT THEY DO IN FACT HOPE TO MAKE LAOS A LEGAL EXPORTER OVER THE LONG TERM. IF THIS IS THE CASE, WE HOPE THAT UNFDAC'S CONTINUING EFFORTS PERSUADE THEM OTHERWISE. CORCORAN

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